



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

November 6, 2003

03-23

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Multifamily Claim for Reimbursement Change

This All Participants Memorandum ("APM") is issued to announce a change to the multifamily claim for reimbursement procedures.

Under the existing reimbursement procedures, Ginnie Mae reimburses issuers for 85% of the excess, if any, of the interest paid to security holders after a loan defaults, less the net interest paid to the issuer by FHA, and for the fee to assign the mortgage to FHA. The claim for reimbursement procedures require issuers to elect to receive cash insurance benefits for a mortgage insurance claim if FHA provides an option to choose either cash or debenture settlement. If the issuer elects to receive settlement of insurance benefits in debentures, the issuer must tender the debentures to Ginnie Mae, which will purchase the debentures, as they are received by the issuer, for cash at a price of par.

Effective for reimbursement claims submitted on or after December 1, 2003, Ginnie Mae will not reimburse an issuer for the one percent FHA mortgage assignment fee, and the 85% excess of the interest paid to the security holders, after a loan defaults, less the net interest paid to the issuer by FHA if the issuer elects to receive its FHA mortgage insurance claim in the form of debentures.

For reimbursement claims submitted prior to December 1, 2003, where FHA insurance benefits have been paid in the form of debentures, the issuer must comply with Mortgage-Backed Securities Guide 5500.3, Rev. 1 ("Guide"), Section 31-5(D)(4) to transfer the debentures to Ginnie Mae, as a condition for Ginnie Mae to reimburse the issuer pursuant to Section 31-15(3)(a) and (b).

Guide changes for this APM are found on Ginnie Mae's website at www.ginniemae.gov in the Guide, Chapter 31, Section 31-15(D)(4), Appendix III-19, Section 9.03(f), Appendix III-20, Section 9.03(f), and Appendix VI-9, item C of the certification.

Questions regarding this APM should be addressed to your Ginnie Mae Multifamily Account Executive at (202) 708-2043.